

**PX 444**

## Message

From: Dinuka Samarasinghe [REDACTED]  
 Sent: 3/29/2020 5:51:52 PM  
 To: [REDACTED]  
 CC: [REDACTED]  
 Subject: Re: XRP sales impact analysis

Hi all,

I do think having the leadership hear any markets analysis from people of your stature would go a long way to providing leadership with valuable insights to the markets. You should remember that the markets knowledge across Ripple broadly is very low. If your analysis echo's my previous research, all the better. I understand we are on a time crunch with this initial analysis. Please let me know if there is anything I can do to help speed up the analysis. I did have a few tools that I had built for markets analysis that have stopped working, but if I spent some time fixing up some of the data grabs, it might help speed things up.

A few thoughts inline below.

On Sun, Mar 29, 2020 at 7:19 PM [REDACTED] wrote:  
 [REDACTED] and Dinuka,

See from [REDACTED] below. I would only add that we think Dinuka's work previously, and the data we used together with his analysis, tells much of a similar story and we're partially duplicating one another, but on such a short time frame there is only so far one can get. Plus to echo Dinuka, maybe the same thing being presented multiple ways reinforces the message. We can probably do a lot more with this over the next few weeks so hopefully we get the time to do that.

----- Forwarded message -----

From: [REDACTED]  
 Date: Sun, Mar 29, 2020 at 6:57 PM  
 Subject: XRP sales impact analysis  
 To: [REDACTED]

Hi [REDACTED] and Dinuka,

[REDACTED] and I spent a few hours working through data. We've come up with some preliminary conclusions. We will emphasize that none of these would pass a test of theoretical rigor. However, we feel comfortable with our experience operating in markets. Also, we simply don't have the time to produce what [REDACTED] wants and to do it to a pure theoretical standard.

We're curious what you guys think about our thoughts and would love to caucus with you when you can (unfortunately, yes tonight if you can).

1. XRP has quickly gone through different "epochs" or "periods". We feel 2019-20 best represents the current market. Agreed. Specifically, I think the current "epoch" is from roughly end of July 2019 to now, where XRP correlation with BTC has been especially strong, and its ratio has remained relatively steady.
2. We found that cumulative past sales have a bigger impact on the XRP/BTC ratio than simply analyzing immediate sales impact. A rolling cumulative four month period is more predictive than current period. This was something of a surprising conclusion. Past sales actually have a longer impact than we expected and have more impact than current sales. It's kind of like a snowball effect or compound interest effect. Interesting. I'd love to see the analysis on this.
3. We roughly calculated that XRP sales of 90-95M per month would be equivalent to the pace of BTC mining (inflation). Therefore, the limit of XRP sales necessary to stay behind the pace of BTC inflation is about to drop to approximately 45M per month. This is obviously fairly restrictive. Point 2 above means that if Ripple goes significantly above that amount, the market impact remains for longer than would be intuitive. While I have long hoped that Ripple would restrict its distribution of XRP to a similar increase in circulating supply as other top assets, we should recognize that over the long term this would be exceedingly restrictive. Very simply, regardless of whether we use a 27.6B or a 43.9B base for XRP circulating supply, current BTC in circulation is 18M out of a *total possible* 21M. XRP total supply is 100B, thus a much larger percentage of the total float still needs to enter circulating supply.
4. We found little correlation with XRP price and the performance of the XRP/BTC ratio under different selling pressures. We came into this thinking that a large amount of XRP sold at a low price, could push XRP "over a cliff". Instead it appears that maybe selling Ripple now might actually be the proverbial straw that broke the camel's back three months down the road when XRP is lurching lower in a negative macro environment. XRP might become a downhill boulder which is impossible to stop without BUYING XRP. This has long been a fear of Miguel and mine, though we did not find many others who shared this fear. I think being able to convince leadership that demand for XRP really is a collection of entities that have decided to pay money for XRP, and their interest in purchasing XRP is very much path dependent.
5. It's so difficult to do a theoretically correct study due to undercover selling which we can't see. We *may* be able to uncover this, though it is going to be hard to do in the time crunch. It will take a fair amount of sleuthing, which unfortunately, would be a manual process.
6. It's also difficult to do a theoretically correct study due to time constraints. For instance, we would love to compile BTC and fiat volume numbers and use XRP selling numbers as ratios of the market, but we just don't have time to gather all of that. If I can get my data tool functioning again, this may help us get an analysis done in time.
7. We need to debunk a specific chart which we will discuss with you verbally.

Dinuka, your data and previous charts/insights for the core of what we've learned. Thank you!

[REDACTED]

—  
Dinuka Samarasinghe  
Institutional Markets  
[REDACTED]